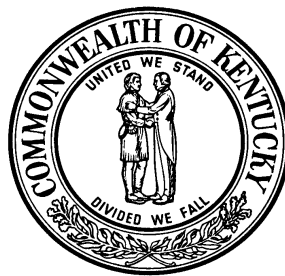


**REPORT OF THE AUDIT OF THE  
JEFFERSON COUNTY  
SHERIFF**

**For The Year Ended  
December 31, 2014**



**ADAM H. EDELEN  
AUDITOR OF PUBLIC ACCOUNTS  
[www.auditor.ky.gov](http://www.auditor.ky.gov)**

**209 ST. CLAIR STREET  
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## **EXECUTIVE SUMMARY**

### **AUDIT EXAMINATION OF THE JEFFERSON COUNTY SHERIFF**

**For The Year Ended  
December 31, 2014**

The Auditor of Public Accounts has completed the Jefferson County Sheriff's audit for the year ended December 31, 2014. Based upon the audit work performed, the financial statements present fairly, in all material respects, the receipts, and disbursements of the Sheriff and the receipts, disbursements, and fund balances of the Sheriff's operating fund and county fund with the State Treasurer in conformity with the regulatory basis of accounting. In accordance with OMB Circular A-133, we have issued an unmodified opinion on the compliance requirements that are applicable to the Jefferson County Sheriff's major federal programs: Drug Enforcement Administration - Reimbursement of Overtime, Federal Bureau of Investigation - Reimbursement of Overtime, United States Marshall Service - Reimbursement of Overtime, and Department of Justice Federal Forfeiture Account (CFDA#16.N/A & 16.922) and Internal Revenue Service - Reimbursement of Overtime and Other Expenses and Internal Revenue Service Forfeiture Account (CFDA #21.N/A)

#### **Financial Condition:**

A fee official in counties with a population over 70,000 has two funds established with the state for the deposit of fees collected. Seventy-five percent (75%) of the fees collected are deposited in a Sheriff's operating fund and used for office expenses of the fee official. The remaining twenty-five percent (25%) of fees collected are deposited to the county government fund and paid quarterly to the county government. These funds are closed at the end of each four-year term by paying the balances to the respective county government.

The Jefferson County Sheriff had total receipts of \$25,592,435, which was a \$352,170 increase from the prior year. Except for reimbursed expenses in the amount of \$11,678,622 which Louisville/Jefferson County Metro Government contributions of \$615,963, the Sheriff paid 25% of receipts to the Jefferson County Fiscal Court in the amount of \$3,469,605. This was a decrease of \$112,486 from the prior year. In addition, 75% disbursements increased by \$664,342.

#### **Lease Agreements:**

The Sheriff's office is committed to lease agreements totaling \$486,913 as of December 31, 2014.

#### **Deposits:**

The Sheriff's deposits were insured and collateralized by bank securities.



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**ADAM H. EDELEN**  
**AUDITOR OF PUBLIC ACCOUNTS**

The Honorable Greg Fischer, Mayor Louisville/Jefferson County Metro Government  
The Honorable John E. Aubrey, Jefferson County Sheriff  
Members of the Louisville/Jefferson County Metro Council

Independent Auditor's Report

**Report on the Financial Statements**

We have audited the accompanying statement of receipts and disbursements - regulatory basis of the Sheriff of Jefferson County, Kentucky, and the statement of receipts, disbursements, and fund balances of the Sheriff's operating fund and county fund with the State Treasurer - regulatory basis for the year ended December 31, 2014, and the related notes to the financial statements.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting practices prescribed or permitted by the laws of Kentucky to demonstrate compliance with the Commonwealth of Kentucky's regulatory basis of accounting as described in Note 1. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, and the Audit Guide for County Fee Officials issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



The Honorable Greg Fischer, Mayor Louisville/Jefferson County Metro Government  
The Honorable John E. Aubrey, Jefferson County Sheriff  
Members of the Louisville/Jefferson County Metro Council

### **Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles**

As described in Note 1 of the financial statements, the financial statements are prepared by the County Sheriff on the basis of accounting practices prescribed or permitted by the laws of Kentucky to demonstrate compliance with the Commonwealth of Kentucky's regulatory basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

### **Adverse Opinion on U.S. Generally Accepted Accounting Principles**

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund of the County Sheriff, as of December 31, 2014, or changes in financial position or cash flows thereof for the year then ended.

### **Opinion on Regulatory Basis of Accounting**

In our opinion, the financial statements referred to above present fairly, in all material respects, the receipts and disbursements of the Sheriff and the receipts, disbursements, and fund balances of the Sheriff's operating fund and county fund with the State Treasurer for the year ended December 31, 2014, in accordance with the basis of accounting practices prescribed or permitted by the Commonwealth of Kentucky as described in Note 1.

### **Other Matter**

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States and Local Governments and Non-Profit Organization, and is not a required part of the financial statements. Such information has been subjected to auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.



The Honorable Greg Fischer, Mayor Louisville/Jefferson County Metro Government  
The Honorable John E. Aubrey, Jefferson County Sheriff  
Members of the Louisville/Jefferson County Metro Council

**Other Reporting Required by Government Auditing Standards**

In accordance with Government Auditing Standards, we have also issued our report dated September 2, 2015 on our consideration of the Jefferson County Sheriff's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Jefferson County Sheriff's internal control over financial reporting or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control over financial reporting and compliance.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Adam H. Edelen', written in a cursive style.

Adam H. Edelen  
Auditor of Public Accounts

September 2, 2015

JEFFERSON COUNTY  
JOHN E. AUBREY, SHERIFF  
STATEMENT OF RECEIPTS AND DISBURSEMENTS - REGULATORY BASIS

For The Year Ended December 31, 2014

Receipts

Federal Grants		\$ 25,000
State Grants		12,500
State - Kentucky Law Enforcement Foundation Program Fund (KLEFPF)		906,786
State Fees for Services:		
Attending Court	\$ 2,256,542	
Court Security	458,975	
Conveyance of Prisoners	122,830	
Sequestered Jurors	<u>14,032</u>	2,852,379
Louisville Metro Government		615,963
County Clerk - Delinquent Taxes	907,426	
County Clerk - Delinquent Taxes (Reimbursed)	<u>71,023</u>	978,449
Commission on Taxes	9,566,434	
Commission on Taxes (Reimbursed)	<u>6,056,131</u>	15,622,565
Fees Collected for Services:		
Auto Inspections	288,736	
Executions	92,832	
Serving Papers	1,785,466	
Carry Concealed Deadly Weapon Permits	192,723	
Data Services	<u>26,380</u>	2,386,137
Other:		
Add-On Fees	1,207,706	
Miscellaneous	33,088	
Reimbursements	255,929	
Federal Reimbursements	192,535	
School Resource Officer Reimbursement	<u>480,000</u>	2,169,258
Interest Earned		<u>23,398</u>
Total Receipts		25,592,435

The accompanying notes are an integral part of the financial statements.

JEFFERSON COUNTY  
 JOHN E. AUBREY, SHERIFF  
 STATEMENT OF RECEIPTS AND DISBURSEMENTS - REGULATORY BASIS  
 For The Year Ended December 31, 2014  
 (Continued)

Disbursements

Payments to State:

Reimbursements	\$	365,108
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Other Expenditures:

Executions-Third Parties	\$	87,996	
Serving Papers-Refunds		535	
Sequestered Jurors		14,032	
Cobra Insurance & Other		79,789	
Concealed Weapon License Fees Refunds		<u>520</u>	<u>182,872</u>

Total Disbursements			<u>\$ 547,980</u>
---------------------	--	--	-------------------

Net Receipts			25,044,455
--------------	--	--	------------

Payments to State Treasurer:

75% Operating Fund *		21,574,850	
25% County Fund		<u>3,469,605</u>	<u>25,044,455</u>

Balance Due at Completion of Audit			<u><u>\$ 0</u></u>
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\* Includes reimbursed expenses in the amount of \$11,678,622 for the audit period.  
 See Note 1 of Notes to Financial Statements.

JEFFERSON COUNTY  
JOHN E. AUBREY, SHERIFF  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND  
FUND BALANCES OF THE SHERIFF'S OPERATING FUND  
AND COUNTY FUND WITH THE STATE TREASURER - REGULATORY BASIS

For The Year Ended December 31, 2014

	75% Operating Fund	25% County Fund	Totals
Fund Balance - January 1, 2014 (Restated)	\$ (11,576)	\$ 1,397,120	\$ 1,385,544
<u>Receipts</u>			
Fees Paid to State - Operating Funds (75%)	21,574,850		21,574,850
Fees Paid to State - County Funds (25%)		3,469,605	3,469,605
Total Funds Available	21,563,274	4,866,725	26,429,999
<u>Disbursements</u>			
Louisville/Jefferson County Metro Government	5,144	4,866,725	4,871,869
Personal Services-			
Official's Statutory Maximum	117,329		117,329
Official's Training Incentive	3,910		3,910
Deputies' Salaries	11,396,070		11,396,070
Overtime Gross	374,949		374,949
Employee Benefits-			
Employer's Share Social Security	847,117		847,117
Employer's Share Retirement	3,579,740		3,579,740
Employer's Share Health Insurance	2,320,243		2,320,243
Employer's Share Life Insurance	4,039		4,039
Workers' Compensation	189,771		189,771
Unemployment Insurance	10,426		10,426
Sick Leave Conversion	3,025		3,025
Contracted Services-			
Advertising	1,338		1,338
Legal Services	51,852		51,852
MIS Services	21,368		21,368
Supplies and Materials-			
Office Materials and Supplies	84,987		84,987
Printing	50,322		50,322
Uniforms	56,502		56,502

The accompanying notes are an integral part of the financial statements.

JEFFERSON COUNTY  
 JOHN E. AUBREY, SHERIFF  
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND  
 FUND BALANCES OF THE SHERIFF'S OPERATING FUND  
 AND COUNTY FUND WITH THE STATE TREASURER - REGULATORY BASIS  
 For The Year Ended December 31, 2014  
 (Continued)

	75% Operating Fund	25% County Fund	Totals
<u>Disbursements</u> (Continued)			
Supplies and Materials-(Continued)			
Ammunition	\$ 20,680	\$	\$ 20,680
Computer Supplies	10,696		10,696
Other Charges-			
Bonds and Insurance	375,235		375,235
Insurance Claims	5,000		5,000
Dues	18,551		18,551
Discretionary Expenses	25,000		25,000
Postage	262,609		262,609
Fixed Telephone	30,301		30,301
Mobile Telephone	50,760		50,760
Radio Charges	138		138
Communication Maintenance	7,531		7,531
Equipment Maintenance	1,237		1,237
Computer Maintenance	40,625		40,625
Office Equipment Rental	28,019		28,019
Other Equipment Rental	(16)		(16)
Rent	11,220		11,220
Utilities	11,025		11,025
Training & Seminars	30,583		30,583
Travel	92,004		92,004
Subscriptions	8,535		8,535
Physicals and Medical	15,934		15,934
Personal Services	78,209		78,209
Miscellaneous	3,146		3,146
Auto Expenses-			
Gasoline	465,444		465,444
Maintenance and Repairs	359,200		359,200
Vehicle Insurance	146,246		146,246
Parking	166,150		166,150

The accompanying notes are an integral part of the financial statements.

JEFFERSON COUNTY  
 JOHN E. AUBREY, SHERIFF  
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND  
 FUND BALANCES OF THE SHERIFF'S OPERATING FUND  
 AND COUNTY FUND WITH THE STATE TREASURER - REGULATORY BASIS  
 For The Year Ended December 31, 2014  
 (Continued)

	75% Operating Fund	25% County Fund	Totals
<u>Disbursements</u> (Continued)			
Capital Outlay-			
Computers	\$ 25,706	\$	\$ 25,706
Communication Equipment	(8,917)		(8,917)
Office Equipment	13,165		13,165
Law Enforcement Equipment	7,382		7,382
Vehicles	143,744		143,744
Total Disbursements	<u>21,563,274</u>	<u>4,866,725</u>	<u>26,429,999</u>
Fund Balance - December 31, 2014	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

The accompanying notes are an integral part of the financial statements.

JEFFERSON COUNTY  
NOTES TO THE FINANCIAL STATEMENTS

December 31, 2014

Note 1. Summary of Significant Accounting Policies

A. Fund Accounting

A fee official uses a fund to report on the results of operations. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fee official uses a fund for fees to account for activities for which the government desires periodic determination of the excess of receipts over disbursements to facilitate management control, accountability, and compliance with laws.

B. Basis of Accounting

KRS 64.820 directs the fiscal court to collect any amount due from the Sheriff as determined by the audit.

KRS 64.350 establishes that a fee official in counties with a population over 70,000 has two funds with the State Treasurer for the deposit of fees collected. Seventy-five percent (75%) of the fees collected is deposited in a Sheriff's operating fund and used for office expenses of the fee official. The remaining twenty-five percent (25%) of fees collected is deposited to the county fiscal court fund and paid to the fiscal courts, urban-county governments, or consolidated local governments of the respective counties quarterly no later than April 15, July 15, October 15, and January 15. These funds are closed at the end of each official term by paying the balances to the respective county government.

The financial statements have been prepared on a regulatory basis of accounting, which demonstrates compliance with the laws of Kentucky and is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Under this regulatory basis of accounting receipts and disbursements are generally recognized when cash is received or disbursed with the exception of accrual of the following items (not all-inclusive) at December 31:

- Interest receivable
- Collection on accounts due from others for 2014 services
- Reimbursements for 2014 activities
- Tax commissions due from December tax collections
- Payments due other governmental entities for payroll
- Payments due vendors for goods or services provided in 2014
- Payroll disbursements incurred but not paid

The Attorney General issued a letter which stated that some receipts of the fee official offices could be considered reimbursed expenses. All reimbursed expenses are treated as revenue in the 75 percent fund.

JEFFERSON COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2014  
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

C. Cash and Investments

KRS 66.480 authorizes the Sheriff's office to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

Note 2. Employee Retirement System

The county official and employees have elected to participate in the County Employees Retirement System (CERS), pursuant to KRS 78.530 administered by the Board of Trustees of the Kentucky Retirement Systems. This is a cost sharing, multiple employer defined benefit pension plan, which covers all eligible full-time employees and provides for retirement, disability and death benefits to plan members. Benefit contributions and provisions are established by statute.

Nonhazardous covered employees are required to contribute 5 percent of their salary to the plan. Nonhazardous covered employees who begin participation on or after September 1, 2008 are required to contribute 6 percent of their salary to the plan. The county's contribution rate for nonhazardous employees was 18.89 percent for the first six months and 17.67 percent for the last six months.

Hazardous covered employees are required to contribute 8 percent of their salary to the plan. Hazardous covered employees who begin participation on or after September 1, 2008 are required to contribute 9 percent of their salary to be allocated as follows: 8% will go to the member's account and 1% will go to the KRS insurance fund. The county's contribution rate for hazardous employees was 35.70 percent for the first six months and 34.31 percent for the last six months.

The Sheriff's contribution for calendar year 2012 was \$3,841,344, calendar year 2013 was \$3,753,252, and calendar year 2014 was \$3,579,740.

Benefits fully vest on reaching five years of service for nonhazardous employees. Aspects of benefits for nonhazardous employees include retirement after 27 years of service or age 65. Nonhazardous employees who begin participation on or after September 1, 2008 must meet the rule of 87 (members age plus years of service credit must equal 87, and the member must be a minimum of 57 years of age) or the member is age 65, with a minimum of 60 months service credit.

Aspects of benefits for hazardous employees include retirement after 20 years of service or age 55. For hazardous employees who begin participation on or after September 1, 2008 aspects of benefits include retirement after 25 years of service or the member is age 60, with a minimum of 60 months of service credit.



JEFFERSON COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2014  
(Continued)

Note 2. Employee Retirement System (Continued)

CERS also provides post retirement health care coverage as follows:

For members participating prior to July 1, 2003, years of service and respective percentages of the maximum contribution are as follows:

<b>Years of Service</b>	<b>% paid by Insurance Fund</b>	<b>% Paid by Member through Payroll Deduction</b>
20 or more	100%	0%
15-19	75%	25%
10-14	50%	50%
4-9	25%	75%
Less than 4	0%	100%

As a result of House Bill 290 (2004 General Assembly), medical insurance benefits are calculated differently for members who began participation on or after July 1, 2003. Once members reach a minimum vesting period of ten years, non-hazardous employees whose participation began on or after July 1, 2003, earn ten dollars per month for insurance benefits at retirement for every year of earned service without regard to a maximum dollar amount.

Hazardous employees whose participation began on or after July 1, 2003, earn fifteen dollars per month for insurance benefits at retirement for every year of earned service without regard to a maximum dollar amount. Upon the death of a hazardous employee, such employee's spouse receives ten dollars per month for insurance benefits for each year of the deceased employee's hazardous service. This dollar amount is subject to adjustment annually based on the retiree cost of living adjustment, which is updated annually due to changes in the Consumer Price Index.

Historical trend information showing the CERS' progress in accumulating sufficient assets to pay benefits when due is presented in the Kentucky Retirement Systems' annual financial report. This report may be obtained by writing the Kentucky Retirement Systems, 1260 Louisville Road, Frankfort, KY 40601-6124, or by telephone at (502) 564-4646.

Note 3. Deposits

The Jefferson County Sheriff maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC) as required by KRS 66.480(1) (d). According to KRS 41.240(4), the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the Sheriff and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution.

JEFFERSON COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2014  
(Continued)

Note 3. Deposits (Continued)

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a depository institution failure, the Sheriff's deposits may not be returned. The Jefferson County Sheriff does not have a deposit policy for custodial credit risk but rather follows the requirements of KRS 41.240(4). As of December 31, 2014, all deposits were covered by FDIC insurance or a properly executed collateral security agreement.

Note 4. Lease Agreements

The Office of the Sheriff was committed to the following lease agreements as of December 31, 2014.

Item Purchased	Monthly/ Yearly Payment	Term of Agreement	Ending Date	Principal Balance December 31, 2014
Copiers	\$ 1,792	48 Months	7/1/2018	\$ 77,229
Vehicles	204,842	3 Years	8/6/2016	409,684

Note 5. Federal Grants

The Sheriff received one grant from the U.S. Department of Homeland Security through Kentucky Office of Homeland Security in the amount of \$25,000. The grant was for reimbursement of overtime for providing security at derby related events in 2014. As of December 31, 2014, there was no unexpended grant balance.

Note 6. Discretionary Account

The Sheriff has established a discretionary account as provided by KRS 64.345. This fund is to cover additional expenses related to homeland security emergencies, academy graduations, retirements, state and national sheriff's conventions, and extraordinary office expenses in amounts authorized by the approving authority. The account had a beginning balance of \$76,599 receipts of \$25,700, disbursements of \$14,931 and an ending balance of \$87,368 as of December 31, 2014

Note 7. State Forfeiture Account

The Sheriff maintains an account used for receiving forfeited state drug money. This money is used to purchase law enforcement equipment. This account had a beginning balance of \$119,754, receipts of \$123,637, and disbursements of \$44,423 and an ending balance of \$198,968 as of December 31, 2014.

Note 8. Federal Forfeiture Account

The Sheriff maintains an account used for receiving forfeited federal drug money. This money is used to purchase law enforcement equipment, for training, for drug education programs, and to make drug buys. This account had a beginning balance of \$243,001, receipts of \$91,391, disbursements of \$176,686, and a refund of \$6,242 with an ending balance of \$151,464 as of December 31, 2014.

JEFFERSON COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2014  
(Continued)

Note 9. IRS Forfeiture Account

The Sheriff maintains an account used for receiving forfeited federal drug money. This money is used to purchase law enforcement equipment, for training, for drug education programs, and to make drug buys. This account had a beginning balance of \$42,507, receipts of \$495,941, disbursements of \$185,000, and an ending balance of \$353,448 as of December 31, 2014.

Note 10. Contingencies

The Sheriff's Office is involved in multiple lawsuits that arose from the normal course of doing business. While individually they may not be significant; in the aggregate, they could negatively impact the county's financial position. Due to the uncertainty of the litigation, a reasonable estimate of the financial impact on the county cannot be made at this time.

Note 11. Prior Period Adjustment

The beginning balance of the 25% County fund was increased by \$5,000, due to an error in the prior year.

JEFFERSON COUNTY  
JOHN E. AUBREY, SHERIFF  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

December 31, 2014

Federal Grantor		
Program Title	Pass-Through	
<u>Grant Name (CFDA #)</u>	<u>Grantor's Number</u>	<u>Expenditures</u>
<u>U.S. Department of Justice</u>		
Direct Programs:		
Drug Enforcement Administration		
- Reimbursement of Overtime (CFDA 16.N/A)	Not Available *	\$ 27,033
Federal Bureau of Investigation		
- Reimbursement of Overtime (CFDA 16.N/A)	Not Available *	17,156
United States Marshall Service		
- Reimbursement of Overtime (CFDA 16.N/A)	Not Available *	5,912
Federal Forfeiture Account (CFDA 16.922)	KY 05 60000 *	<u>176,686</u>
Total U.S. Department of Justice		226,787
<u>U.S. Department of Treasury</u>		
Direct Programs:		
Internal Revenue Service		
- Reimbursement of Overtime and Other Expenses		
(CFDA 21.N/A)	Not Available *	44,265
Internal Revenue Service Forfeiture Account		
(CFDA 21.N/A)	KY 05 60000 *	<u>185,000</u>
Total U.S. Department of Treasury		229,265

See accompanying notes

JEFFERSON COUNTY  
 JOHN E. AUBREY, SHERIFF  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 December 31, 2014  
 (Continued)

Federal Grantor Program Title <u>Grant Name (CFDA #)</u>	Pass-Through <u>Grantor's Number</u>	<u>Expenditures</u>
<u>Executive Office of the President</u>		
Passed Through Laurel County Fiscal Court:		
U.S. Office of National Drug Control Policy		
High Intensity Drug Trafficking Area -		
- Reimbursement of Overtime and Other		
Expenses (CFDA 95.001)	Not Available	\$ 86,962
<u>U.S. Department of Homeland Security</u>		
Passed Through Kentucky Department of		
Homeland Security:		
Homeland Security Grant Program		
Special Event Assessment (SEAR) Event		
(CFDA 97.067)	Not Available	<u>25,000</u>
Total Cash Expenditures of Federal Awards		<u>\$ 568,014</u>

\* - Tested as major program

JEFFERSON COUNTY  
JOHN E. AUBREY, SHERIFF  
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For The Year Ended December 31, 2014

Note 1 - Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Sheriff of Jefferson County, Kentucky and is presented on a regulatory basis of accounting. The information in this schedule is presented in accordance with the requirement of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations,

Note 2. Noncash Expenditures

There were no noncash expenditures of federal awards for calendar year 2014.

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND  
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**







**ADAM H. EDELEN**  
**AUDITOR OF PUBLIC ACCOUNTS**

The Honorable Greg Fischer, Mayor Louisville/Jefferson County Metro Government  
The Honorable John E. Aubrey, Jefferson County Sheriff  
Members of the Louisville/Jefferson County Metro Council

**Report On Internal Control Over Financial Reporting And  
On Compliance And Other Matters Based On An Audit Of The Financial  
Statements Performed In Accordance With Government Auditing Standards**

**Independent Auditor's Report**

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements - regulatory basis of the Jefferson Sheriff for the year ended December 31, 2014, and the related notes to the financial statements, and have issued our report thereon dated September 2, 2015. The County Sheriff's financial statement is prepared on a regulatory basis of accounting, which demonstrates compliance with the laws of Kentucky and is a special purpose framework.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Jefferson County Sheriff's internal control over financial reporting to determine audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Jefferson County Sheriff's internal control. Accordingly, we do not express an opinion on the effectiveness of the Jefferson County Sheriff's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.



Report On Internal Control Over Financial Reporting And  
On Compliance And Other Matters Based On An Audit Of The Financial  
Statements Performed In Accordance With Government Auditing Standards  
(Continued)

**Compliance And Other Matters**

As part of obtaining reasonable assurance about whether the Jefferson County Sheriff's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,



Adam H. Edelen  
Auditor of Public Accounts

September 2, 2015

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM  
AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE  
IN ACCORDANCE WITH OMB CIRCULAR A-133**





**ADAM H. EDELEN**  
**AUDITOR OF PUBLIC ACCOUNTS**

The Honorable Greg Fischer, Mayor Louisville/Jefferson County Metro Government  
The Honorable John E. Aubrey, Jefferson County Sheriff  
Members of the Louisville/Jefferson County Metro Council

**Report On Compliance For Each Major Federal Program  
And Report On Internal Control Over Compliance  
In Accordance With OMB Circular A-133**

**Independent Auditor's Report**

**Report on Compliance for Each Major Federal Program**

We have audited the Jefferson County Sheriff's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on each of the Jefferson County Sheriff's major federal programs for the year ended December 31, 2014. The Sheriff's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the Jefferson County Sheriff's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Jefferson County Sheriff's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Jefferson County Sheriff's compliance.



Report On Compliance For Each Major Federal Program  
And Report On Internal Control Over Compliance  
In Accordance With OMB Circular A-133  
(Continued)

### Opinion on Each Major Federal Program

In our opinion, the Jefferson County Sheriff complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2014.

### Report on Internal Control over Compliance

Management of the Jefferson County Sheriff is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Jefferson County Sheriff's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program as a basis for designing auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Jefferson County Sheriff's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Respectfully submitted,

  
Adam H. Edelen

Auditor of Public Accounts

September 2, 2015

## **SCHEDULE OF FINDINGS AND QUESTIONED COSTS**





**JEFFERSON COUNTY  
JOHN E. AUBREY, SHERIFF  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**For The Year Ended December 31, 2014**

**Section I: Summary of Auditor's Results**

***Financial Statements***

Type of auditor's report issued: unmodified

Internal control over financial reporting:

Are any material weaknesses identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Are any significant deficiencies identified not considered to be material weaknesses?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> None Reported
Is any noncompliance material to financial statements noted?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

***Federal Awards***

Type of auditor's report issued on compliance for major programs: unmodified

Internal control over major programs:

Are any material weaknesses identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Are any significant deficiencies identified not considered to be material weaknesses?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> None Reported
Are any audit findings disclosed that are required to be reported in accordance with <u>U.S. Office of Management and Budget Circular A-133, Audits of State, Local Governments, and Non-Profit Organizations, Section .510(a)</u> ?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

Identification of major programs:

CFDA Numbers and Name of Federal Program or Cluster

16.N/A and 16.922 Drug Enforcement Administration- Reimbursement of Overtime, Federal Bureau of Investigation- Reimbursement of Overtime, United State Marshall Service- Reimbursement of Overtime, and Federal Forfeiture Account.		
21.N/A Internal Revenue Service- Reimbursement of Overtime and Other Expenses and Internal Revenue Service Forfeiture Account		
Enter the dollar threshold used to distinguish between Type A and Type B programs:	\$300,000	
Is the auditee qualified as a low-risk auditee?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

**JEFFERSON COUNTY  
JOHN E. AUBREY, SHERIFF  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For The Year Ended December 31, 2014  
(Continued)**

**Section II: Findings - Financial Statement Audit**

*State Laws And Regulations*

None

*Internal Control - Material Weaknesses*

None

*Internal Control - Significant Deficiencies*

None

**Section III: Findings And Questioned Costs - Major Federal Awards Program Audit**

None

**Section IV: Summary Schedule of Prior Audit Findings (FEDERAL FINDINGS ONLY)**

None

